



March 9, 2023

Connecticut House  
Labor and Public Employees Committee

RE: Oppose HB 6859

Dear Chairs Kushner & Sanchez, Vice Chairs Wilson & Cabrera & Members of the Committee:

On behalf of the International Franchise Association (IFA), representing thousands of franchise establishments and thousands of jobs in the Connecticut, **I write to express our strong opposition to HB 6859, a proposed predictive scheduling law.**

The IFA respectfully requests all businesses, whether large or small, be treated equally. Unfortunately, as currently written, HB 6859 treats franchise businesses differently by limiting its application to only those businesses in a specific sector of the franchise industry, while not applying to similarly situated non-franchised businesses. Why does HB 6859 require a locally owned franchise schedule its employees differently than the non-franchised business next door? Both businesses are competing for the same workers and same consumers and may in fact be providing similar products. However, one is burdened with an inflexible government mandate, while the other is not.

We respectfully request franchise businesses be treated the same as non-franchise businesses. Franchises are in fact locally owned and operated small businesses allowing hundreds of thousands of Americans to participate in the American dream. **Under the franchise model, it is the franchisees who own the stores, not the corporate entities. These franchisees make the same day-to-day business decisions and their non-franchised neighbors, including employee scheduling. HB 6859 offers no premise to require locally owned franchise businesses to schedule their employees under a government mandate, while other similar situated businesses do not. In Connecticut, there are over 7,000 franchise establishments, providing over 85,000 jobs and generating \$6 billion in economic activity each year.**

As mentioned, Connecticut has approximately 7,000 franchise units in the state. These independently-owned and operated businesses employ roughly 85,000 people in a range of jobs – from those just entering the workforce to managers to specialized professionals. In fact, growing numbers of women and minorities own franchise establishments, and preserving the small business franchise model is critical to promoting minority and female entrepreneurship. Over the last five years, minority and women franchise ownership has grown by more than 50% across the country. Nearly one-third of all franchises across the country are owned by minorities, compared to just eighteen percent of non-franchise businesses. Franchising – and franchise ownership – is a path toward increased job creation and economic growth among people from all walks of life and socioeconomic backgrounds and should not be singled out for disparate governmental regulations.

**That potential for growth is threatened by a common misconception of the franchise business model. This misconception, which clearly serves as an underpinning of certain provisions proposed in HB 6859 is that the owner of the franchise brands – the “franchisors” – actually own and operate the stores and make employment decisions for them.** In reality, franchise establishments across the state are locally-owned small businesses operating under a national brand or identity. The local business owners are in charge of all employment decisions, including scheduling, hiring, firing, wages and benefits. It is the local franchisee who owns and operates the establishment, not the franchisor owner of the brand. **In fact, the national brands have no role whatsoever in determining scheduling of a franchisees’ employees and/or employment practices of a franchisee.**



Franchisees and franchisors are in no way employment partners with each other. No franchisor has any authority over how their franchisees choose to manage their employees on a day to day basis. Independent franchisees are no different than any other independent business owner, and despite what HB 6859 is attempting to do, the legal, contractual, operational, and economic realities of the relationship will not change. HB 6859's limited application to a sector of the franchise model and disparate treatment of independently owned and operated businesses in the state is unfair and misguided.

Franchisees are small business owners. They independently invest in their businesses and pay the operating costs of their businesses, as would any other small business owner in Connecticut. They pay rent, wages, employment-related and other taxes and debt service, and no other party, including the franchisor, shares in these small business obligations. Franchisees pay initial and continuing fees to the franchisor for the right to use the franchisor's brand and other intellectual property. Franchisors are merely the licensors of their brands and methods of doing business; they are not co-venturers in the business affairs, as this proposal misrepresents.

On behalf of franchise businesses, **we are not asking for special treatment; we are asking for the same treatment.**

The IFA respectfully requests you not pick winners and losers among businesses. One of the goals of any new policy should be to ensure a level playing field for all local business owners and not put some at an advantage at the expense of others.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Jeff Hanscom", is written over a light blue horizontal line.

Jeff Hanscom  
Vice President, State Government Relations & Counsel  
International Franchise Association